Encl. to CIA # 1416

Approved For Release 2001/08/09 : CIA-RDP71T00730R000600100340-9

25 JUL 1962

The Role of East Germany in the Economic Offensive of the Sino-Soviet Bloc in the Underdeveloped Countries

Rest German participation in the Sino-Soviet Bloc's economic offensive in underdeveloped countries has been relatively insignificant according to most measures. Between 1954 and 1961, while the Bloc as a whole extended the equivalent of \$4,560 million* in economic grants and credits to the underdeveloped countries, Sast German extensions amounted to about \$70 million, less than 2 percent of the total. By the end of 1961 about half of these extensions had been drawn, amounting to about 3 percent of total drawings against the Bloc of \$1,040 million.** During this same period, by contrast, East Germany received net credit commitments totaling about \$650 million from the rest of the Bloc, primarily the BESE, and it is estimated that Sast German drawings on Bloc credits exceeded half a billion dollars.

of the approximately \$70 million in economic assistance extended to the underdeveloped countries by East Germany only 700 million represented outright grants, the remainder being made up of credits. The terms on which East German foreign aid credits

Sino-Soviet Bloc Secondaic Activities in Underdeveloped Areas, February 1962, SECREE, p. 77, Table 11.

are extended to underdeveloped countries are similar to those extended by other Bloc states. Of the Rest German credits about helf were extended on 10-12 year repayment terms, and for the other half the known terms vary from three to six years. The usual Bloc interest rate of 22 percent was apparently applied to all these losss. These credits have been extended for development projects, primarily in the field of light industry.

The geographic pattern of Hest German extensions has followed that of the Bicc as a whole. Early credits (1955 thru 1956) were concentrated in the Near Hest and Anis. New credit extensions in 1960 and 1961 went primarily to the New African maticus and to Caha. Egypt has been the sajor recipient, having received about half of the East German total both in terms of extensions and drawings.

It is estimated that at the end of 1961 over one thousand students from the underdeveloped countries were studying in Heat Germany, primarily in academic institutions, and that over two hundred Heat German technicians were employed in underdeveloped countries.

In 1960 East Serman trade with underdeveloped countries was slightly more than 6 percent of total East Serman trade, and about 23 percent of East Serman trade with the West. This representes about 10 percent of total Soviet Bio: trade with the underdeveloped countries in 1960.